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 CENTRAL INTELLIGENCE AGENCY
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 SUBJECT Chinese Communist Air Line

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Communist Request for Aviation Products Quotation

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1. [REDACTED] the Central Air Transport Corporation (CATC), is requesting quotations from Standard Oil, Shell and Caltex on aviation gasoline and airplane engine oil for delivery to Tientsin, Shanghai, Hankow, Canton and Hong Kong. Shell and Caltex were also asked for quotations on the stocks in Changsha because it is known that Standard Oil has a large supply of aviation gasoline there that it will sell to any buyer. Standard Oil also has 27,000 gallons of aviation engine oil in Tientsin but considers that this amount is inconsequential at the current rate of use.
2. All three companies refused to give quotations on delivery of aviation products to the China mainland because they have received no definite statement of United States policy regarding such action. Although the Hong Kong Government places no restrictions on the export of aviation products to Communist China, and the request was made by Communist authorities, oil companies in Hong Kong feel there is little likelihood of there being exports because of company policies and US controls. Shell, although not an American firm, is following the same line of action, probably because it purchases from the US and is thus subject to the same export regulations as American companies.

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3. [REDACTED] Cathay Oil Company (formerly of Shanghai), is willing to export to Communist China but it is doubtful that he can obtain a US license for the export of aviation gasoline.

Canton-Tientsin Air Line

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4. The oil companies believe that the reason for the quotation request is the inauguration and operation of an air line from Canton to Tientsin by way of Changsha and Hankow. [REDACTED]

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5. The major obstacle to operation of an air line is that there is no de-icing or hydraulic fluid available in China.

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6. [REDACTED] the air line would not enter Shanghai because of military

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objections, chief of which is the difficulty of distinguishing between friendly and hostile aircraft. The air line will also avoid Tsingtao in order to protect vital areas there from Nationalist bombers.

Care of Aircraft of Defected Air Lines

7. The Hong Kong Bureau of Civil Aviation is permitting defected mechanics to warm up the engines of planes of CAAC and China National Aviation Corporation (CNAC) at Kaitak three times daily on the following conditions:
 - a. All planes are under police supervision during the warm-up.
 - b. One control surface must be off the plane at that time.
 - c. Planes are loaded with only 100 gallons of gasoline under strict police supervision.
8. Shell and Caltex sell gasoline for warm-ups on a cash-in-advance basis, for Hong Kong dollars.

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